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CITY OF ST. LOUIS



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DR. KENNETH M. STONE, CPA
Internal Audit Executive

FILE COPY

May 25, 2012

Robert Funk, Director
Paraquad, Inc.
5240 Oakland Avenue
St. Louis, MO 63110

RE: (Project #2012-AHC10)

Dear Mr. Funk:

Enclosed is a report of our fiscal monitoring review of Paraquad, Inc. for the period June 1, 2011 through March 31, 2012. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Paraquad, Inc. Fieldwork was completed on April 24, 2012.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Affordable Housing Commission (AHC) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Angela M. Conley, Executive Director, Affordable Housing Commission



CITY OF ST. LOUIS

AFFORDABLE HOUSING COMMISSION (AHC)

**PARAQUAD, INC.
CONTRACTS #35-11G, #01-11G AND #02-11G**

**FISCAL MONITORING REVIEW
JUNE 1, 2011 THROUGH MARCH 31, 2012**

PROJECT #2012-AHC10

DATE ISSUED: MAY 25, 2012

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
PARAQUAD, INC.
FISCAL MONITORING REVIEW
JUNE 1, 2011 THROUGH MARCH 31, 2012**

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INTRODUCTION

Background

Contract Name: Paraquad, Inc.

Contract Numbers: 35-11G, 01-11G, and 02-11G

Contract Period: June 1, 2011 through July 31, 2012

Contract Amounts: \$25,000, \$8,000, and \$14,000

These contracts provide funds from Affordable Housing Commission (AHC) to Paraquad, Inc. (Agency) to assist individuals with disabilities at 50% or below the St. Louis median income. Funds from contract 35-11G provide disabled individuals with rent, mortgage, and utility assistance. Funds from contract 01-11G provide accessibility modifications to rental homes provided to disabled individuals. Funds from contract 02-11G provide accessibility modifications to the homes of individuals with disabilities.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state, and local AHC requirements for the period June 1, 2011 through March 31, 2012, and make recommendations for improvements, as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by AHC. Evidence supporting the reports the Agency submitted was tested and other procedures were performed, as considered necessary.

Exit Conference

The Agency was offered the opportunity for an exit conference on May 14, 2012, but the Agency declined.

Management's Responses

Management's responses to the observations and recommendations identified in the draft report were received from the Agency on May 15, 2012. These responses have been incorporated into the report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with local AHC requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2010-AHC08, issued August 13, 2010, had no observations.

Summary of Current Observations

A recommendation was made for the following observation, which if implemented, could assist the Agency in fully complying with local AHC requirements.

- Opportunity to submit timely programmatic reports

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity To Submit Timely Programmatic Reports

A review of the financial and programmatic reports was performed to determine whether the reports were submitted timely as required by the contract. It was noted that the financial reports were submitted timely; however, not all quarterly programmatic reports were submitted timely. The second programmatic report for contract 35-11G was due December 20, 2011, but was submitted fifteen days late, on January 4, 2012.

Section 7 of the contract requires the Agency to submit programmatic reports no later than the 20th calendar day of the next quarter. In addition, Section 24 states if the programmatic reports were more than thirteen days late, reimbursements may be held up until delinquent reports are received.

The Agency did not have a system of internal controls in place to ensure compliance with the programmatic report submission requirements of the grant contract agreement. As a result, the Agency did not comply with contract requirements. The Agency risks delays in receiving reimbursement requests.

Recommendations

It is recommended that the Agency implement control procedures, such as a report schedule or supervisory reviews, to ensure that programmatic quarterly reports are submitted timely in accordance with the contract.

Management's Response

We have implemented a report schedule calendar that will be shared between program staff as well as our Compliance Coordinator to ensure timely submission of all reports from this point forward.